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Approved For Release 2002/08/12 : CIA-RDP79R00890A001000080026-0

NSC BRIEFING

10 December 1958

VENEZUELA

I. Romulo Betancourt, candidate of leftist but non-Commie Democratic Action Party has apparently won presidency, ~~but~~ final official returns are not expected before end of week, *but Larrazabal and Caldera conceded yesterday (10 Dec).*

A. Unofficial count gives Betancourt over ^{47%} 45% of total vote and Democratic Republican Union candidate Larrazabal about ^{38%} 32%,

^{30 or 40%} including only 4% from Commie party which also backed him. *Caldera - 15%.*

B. Betancourt's Democratic Action Party will probably get highest number of seats in 50-member senate and 140-member lower house.

1. Commies polled between 5%-8% congressional vote and have won at least 5 seats--probably more--in congress.

2. Heavy concentration their vote in Caracas may be source of future unrest.

3. Communists are principal competitors of Betancourt's party in labor, press, student circles.

II. Military long considered hostile toward Betancourt and his party. Betancourt victory may have increased the possibility of a coup but no evidence majority of military prepared to act against him at present time.

A. Breakdown of public order, serious violence, govt moves to reduce military power, or extremist reform programs might provoke military intervention, probably with conservative civilian backing.

B. Pro-Larrazabal student groups and "boy brigand" hoodlums--probably partly directed by Commies--demonstrated against Betancourt victory in Caracas 8-9 December. Demonstrations do not appear out of control.

III. Presidential candidates and three major parties--all left-of-center reformist--have agreed to establish coalition government and implement common programs.

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Document No. 19
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<input checked="" type="checkbox"/> Declassified
Class. Changed to: TS S C
Next Review Date: _____
Auth.: HR 70-3
Date: 2/22/80

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- A. New coalition will attempt to extend control over private foreign oil industry and revise 50-50 profit-sharing formula to permit larger share for govt.
 - 1. Industry profits said to be running above 30% direct net investment; Creole (ESSO NJ), biggest producer, had net profits of almost \$400 million in 1957, *according to an official Venezuelan magazine*.
 - 2. Agreements with US-owned iron mining companies in Venezuela may also be revised.
 - B. Parties and leaders have agreed not to appoint Commies to executive positions in govt but have indicated they may consider diplomatic relations with one or more Soviet bloc countries.
- IV. Betancourt (age 50) is an astute leftist but non-Communist leader, with long experience in politics.
- A. He admits to being member of Costa Rican Commie party for brief period during student days in early 1930s but ~~claims to have~~ ^{admit} severed ties ~~by~~ 1936.
 - 1. Betancourt says his reason for joining was belief Commie program offered solutions to national problems; says it was "youthful attack of political smallpox."
 - 2. Allegedly left party because of its foreign orientation and because its ideology "inadequate for our peoples."
 - B. Since early 1958, including final days presidential campaign, Betancourt has publicly and privately expressed his opposition to Commies in govt, but supports their right to exist as a legal party. He says Democratic Action Party will have "no ideological connivance with Commies."
 - C. Betancourt became interim president Venezuela 1945-48.

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- B. Betancourt became interim president Venezuela 1945-48.
1. Venezuela's only other free elections were held during his tenure. (In 1947)
 2. His policies as President presented no major difficulties to US commercial interests.

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- C. After the 1948 military coup against president-elect Gallegos, Betancourt lived in exile in Costa Rica, Cuba, US, and Puerto Rico. He remained actively opposed to Perez Jimenez dictatorship.
1. Betancourt is close friend of ex-president Figueres of Costa Rica and Gov. Munoz Marin of Puerto Rico.
 2. He returned to Venezuela last January after Perez Jimenez deposed.
- D. Since early 1958, including final days presidential campaign, Betancourt has publicly and privately expressed his opposition to Commies in government, but supports their right to exist as a legal party. He says Democratic Action Party will have "no ideological connivance with Commies."